



# WINSIDE STATE BANK

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September 19, 2005

Honorable John F. Carter, Regional Director  
Federal Deposit Insurance Corporation  
25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, CA 94105  
RE: Application by Wal-Mart for Industrial Bank Charter

Dear Mr. Carter,

"On Your Corner. In Your Corner. We're Your Hometown Community Bank." This slogan, or more importantly, our way of life, is at the cornerstone of everything we do at the Winside State Bank. The Winside State Bank is a locally owned, hometown, independent bank, that is dedicated to serving the people of Winside, NE at its surrounding area in Northeast Nebraska. When customers walk in to our bank, they are greeted with a smile and warm hello that includes their first name. Independent banks specialize in personal, one-on-one service to meet the needs of our individual customers. This is our way of life. We have dedicated this institution, our careers, and our lives interacting as part of our community. However, we feel that the same cannot be said for the business juggernaut that is Wal-mart. They would like you to believe that they care about the community they operate in, but their track record shows differently; consequently, as evidenced by the points below, we feel that Wal-mart's application for an Industrial Bank Charter should be denied.

### **Community Reinvestment -**

Part of our examination by the FDIC includes the Community Reinvestment Act where the bank has to show and validate that they are helping meet the needs of the community. With our bank, the depositors' money is being continuously reinvested in our community to help our businesses, farmers, and individuals. Our bank donates to various community organizations as well. Community Banks care about the success of all businesses in the community - Wal-mart cares about only one. As evidenced by the ever-growing statistics, locally owned retail businesses cannot compete against Wal-mart. When Wal-mart comes in, they offer a variety of products at a reduced rate. Because they are so large of company, they can buy in large quantity, and then sell each individual product at a slimmer margin, making a profit on the sheer volume of sales. The locally owned businesses cannot compete, and are eventually forced out of business; thus, reducing competition. Furthermore, the money generated from the Wal-mart store is not deposited in local banks, but rather sent out of state to their corporate headquarters. If Wal-mart is eliminating competition by driving the locally owned merchants out of business, and also taking the money generated from the store and sending it out of state, then this constitutes the exact polar opposite of community reinvestment. This is community demolition.

What if Wal-mart were allowed a bank charter and operated in the same fashion? Ultimately, the banking competition would diminish and Wal-mart would monopolize the financial market in the given community. Is that helping the customers in their right to choose in regards to their financial needs?

### **Credit Analysis and Conflict of Interest-**

Community banks such as ours, serve our community. Banks want all businesses to succeed and thus help the economy of our town and the surrounding area. Each credit application is evaluated impartially based on the creditworthiness of the applicant and his/her proposal. This information is kept confidential between the applicant and the bank, not to be supplied to the locally owned business' main competitor Wal-Mart. Allowing Wal-mart to operate both in the retail and commerce would constitute unfair and unethical business practices.

Would Wal-mart be impartial if one of their business competitors came in to apply for a business loan to expand or modernize their business? How fair would it be for the locally owned business to have to provide their business plan vital to their success, and even their existence, to their main competitor, Wal-mart? Why would Wal-mart make a loan to benefit a competitor? Wal-mart would not want these other competitors to survive. Having a retail business engage in commerce activities constitutes a conflict of interest that could also jeopardize the financial safety net of the FDIC Insurance.

In summary, Wal-mart can claim that they care about the people in the community where they operate, but this is simply lip service. As evidenced by Wal-mart's past track record, they only care about 1 entity, themselves. Community banks care about the success of all people and businesses in their respective communities. Meeting the needs of its customers is the driving point to the success of the bank. The Winside State Bank, like other community banks, is truly a part of their community, standing side by side with the community people and businesses, not against them, as in Wal-mart's position. Wal-mart would not run their financial institution any differently than their retail business; consequently, Wal-mart should be denied its application for an industrial bank charter.

Sincerely,

David Warnemunde, President

Scott Watters, Vice President